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Commissioner

January 12, 2016

Patrick C. Woods  
Director, Regulatory and Compliance Services  
East Kentucky Power Cooperative  
Post Office Box 707  
Winchester, Kentucky 40392

Re: Case No. 2010-00449, Application of East Kentucky Power Cooperative, Inc. for an Order Approving the Establishment of a Regulatory Asset for the Amount Expended on Its Smith 1 Generating Unit

Dear Mr. Woods:

Commission Staff have reviewed East Kentucky Power Cooperative's ("EKPC") 17<sup>th</sup> Smith Unit 1 Asset Cost Mitigation Report ("Mitigation Report") submitted on September 30, 2015. As a result of our review, we have the following questions.

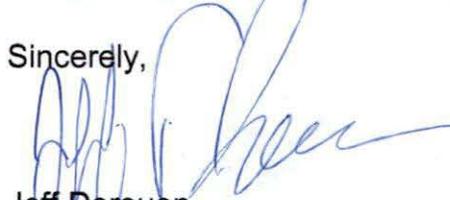
1. EKPC identifies a value of \$28,000,000 for the "Generator & Turbine and all components." Please identify the additional components to which EKPC refers.
2. Explain how the value was determined for the items reflected in this Mitigation Report.
3. With reference to the items that EKPC has identified that could be used at its other generating stations, identify the stations or units where these items could be used, and explain the circumstances that would necessitate these items actually being used at other units.
4. Has EKPC determined the likelihood of using any of the Smith 1 assets at any of its other stations? In the explanation, include whether the use of any of the assets could improve the efficiency or resultant air quality of particular units.

5. Has EKPC considered the cost-effectiveness of using any of the Smith 1 assets at any of its other stations? If so, has EKPC developed a specific plan or timetable regarding the use of any of the Smith 1 assets at any of its other stations?

Staff requests that EKPC specifically address these questions in its next Mitigation Report which is due by March 31, 2016.

If you have any questions concerning this request, feel free to contact Richard Raff or Aaron Greenwell of my staff at 502-782-2588 or 502-782-2563, respectively.

Sincerely,



Jeff Derouen  
Executive Director

JD/pa

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